



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0145	<b>Title:</b>	Revise laws related to livestock loss
<b>Primary Sponsor:</b>	Cuffe, Mike	<b>Status:</b>	As Introduced

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns                         |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$400,000	\$400,000	\$400,000	\$400,000
State Special Revenue	\$40,000	\$400,000	\$400,000	\$400,000
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$400,000	\$400,000	\$400,000	\$400,000
<b>Net Impact-General Fund Balance:</b>	<u>(\$400,000)</u>	<u>(\$400,000)</u>	<u>(\$400,000)</u>	<u>(\$400,000)</u>

**Description of fiscal impact:** HB 145 creates a livestock loss reduction restricted state special revenue fund. Each fiscal year \$400,000 will be transferred from the state general fund to the state special revenue fund set up by the proposed law. Funds will be expended from the livestock loss reduction restricted state special revenue fund for contracted services, administrative costs, and grants.

### FISCAL ANALYSIS

#### Assumptions:

1. In current statute 81-1-112, MCA, there is a livestock loss reduction and mitigation restricted special revenue account. Under current law, \$200,000 is transferred from the state general fund to the livestock loss reduction and mitigation restricted special revenue account each year. HB 145 renames the livestock loss reduction and mitigation restricted special revenue account to be the livestock loss mitigation restricted special revenue account and the \$200,000 annual transfer is maintained. The account is statutorily appropriated.
2. The proposed law also requires any unencumbered funds in excess of \$400,000 within the renamed livestock loss mitigation special revenue fund to be returned to the general fund on June 30<sup>th</sup> of each odd-

- numbered year. According to the Livestock Loss Board, the demands for the mitigation special revenue funds generally exceed the amount of funds available each year. It is assumed that no money will be transferred from the livestock loss mitigation special revenue fund to the general fund for any fiscal years in the future.
3. HB 145 creates a new state special revenue account called the livestock loss reduction restricted special revenue account. HB 145 also requires an annual transfer of \$400,000 from the state general fund into the newly created loss reduction special revenue account, starting in FY 2016.
  4. Section 1-(4)(a) caps administrative costs at 10% of the general fund transfer each year. \$40,000 each year may be utilized for administrative expenses within the program.
  5. Section 1-(3)(b) of the bill would allow the department to use \$200,000 per year for contracted services with USDA Wildlife Services for investigation and confirmation of livestock losses due to wolves and grizzly bears and to reduce predation of livestock.
  6. It is assumed that the remaining \$160,000 each year will be used based upon greatest needs as determined by the Livestock Loss Board as grants for loss prevention to individual livestock owners, livestock organizations, county governments, and conservation groups to reduce predation and to pay veterinary bills; to pay a portion of value for injured livestock; and a multiplier factor for weight loss and lower pregnancy rates due to injury or harassment of livestock by grizzly bears and wolves.
  7. The proposed law also requires any unencumbered funds in the newly created livestock loss reduction special revenue fund to be returned to the general fund on June 30<sup>th</sup> of each odd-numbered year. The Livestock Loss Board reports that the demands for the current reduction and mitigation special revenue funds generally exceed the amount of funds available each year. It is assumed that all funds will be expended each year and that no money will be transferred from the livestock loss mitigation special revenue fund to the general fund for any fiscal years in the future.
  8. Section 17-1-507, MCA, requires the completion of the dedicated revenue form when a new revenue dedication (state special revenue fund) occurs. That form is attached to this fiscal note.
  9. HB 145 establishes a statutory appropriation for the livestock loss reduction restricted account.
  10. 17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines.

	<u>YES</u>	<u>NO</u>
a. The money is from a continuing, reliable, and estimable source.	x	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	x	
c. The authority exists elsewhere.		x
d. An alternative appropriation method is available, practical, or effective.	x	
e. It appropriates state general fund money for purposes other than paying for emergency services.		x
f. The money is used for general purposes.		x
g. The legislature wishes to review expenditure and appropriation levels each biennium.	x	
h. An expenditure cap and sunset date are excluded.		x

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$240,000	\$240,000	\$240,000	\$240,000
Grants	\$160,000	\$160,000	\$160,000	\$160,000
Transfers	\$400,000	\$400,000	\$400,000	\$400,000
<b>TOTAL Expenditures</b>	<b>\$800,000</b>	<b>\$800,000</b>	<b>\$800,000</b>	<b>\$800,000</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$400,000	\$400,000	\$400,000	\$400,000
State Special Revenue (02)	\$400,000	\$400,000	\$400,000	\$400,000
<b>TOTAL Funding of Exp.</b>	<b>\$800,000</b>	<b>\$800,000</b>	<b>\$800,000</b>	<b>\$800,000</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$400,000	\$400,000	\$400,000	\$400,000
<b>TOTAL Revenues</b>	<b>\$400,000</b>	<b>\$400,000</b>	<b>\$400,000</b>	<b>\$400,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0

 1-12-15  
 Sponsor's Initials Date

 1/8/15  
 Budget Director's Initials Date



## Dedication of Revenue 2017 Biennium

17-1-507-509, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**

Perhaps. The revenue transferred into the state special revenue account comes from the general fund which is paid by many taxpayers for many different taxes and fees, there may be persons or entities that pay into the general fund that do not benefit from the livestock loss reduction expenditures.

- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**

The state special revenue fund is restricted for certain uses and any unspent balance would carry forward and be available the following fiscal year within the biennium.

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**

The source of revenue is a general fund transfer.

- d) **Does the need for this state special revenue provision still exist? ☒ Yes ☐ No (Explain)**

If HB 145 passes this fund will be necessary.

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**

The restricted state special revenue fund allows the legislature to clearly see expenditures and fund usage.

- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**

Yes, predator management and control is ongoing and is continually addressed by the legislature.

- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**

It can be accounted for in either manner.